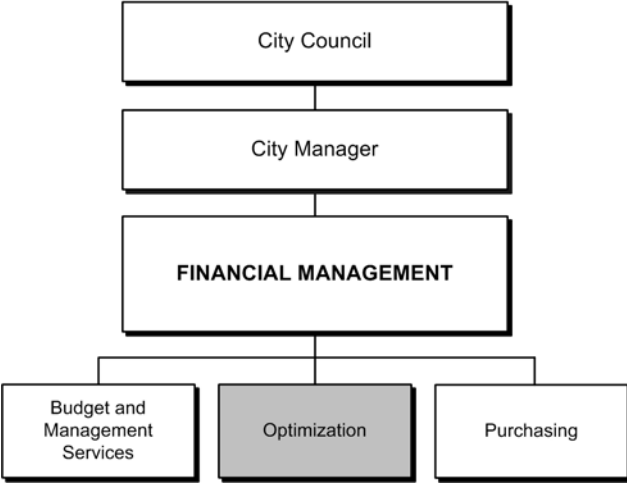


Financial Management



Financial Management



Mission Statement

To provide professional support to City management for making fiscal and organizational decisions necessary to plan and implement the optimum use of City resources and to procure goods and services for all departments.

Department Description

The Financial Management Department primarily coordinates and manages the development and implementation of a responsible and balanced budget to ensure sufficient resources are available to provide high quality municipal services. The Department also consults with other City departments to achieve optimal service delivery and efficient business operations by incorporating innovative performance management strategies, as well as supports other City departments by procuring goods and services.

Division/Major Program Description

Budget and Management Services

Budget and Management Services' primary responsibility is to work with the City Manager and the Mayor and City Council to prepare and publish the Proposed and Annual Budgets in accordance with the City Charter each year. The Division also oversees the Performance Based Budgeting program. During the fiscal year, Budget and Management Services monitors expenditures and revenue receipts on a Citywide basis, oversees budget transfers and adjustments, and reviews Requests for City Council and City Manager Action for both the operating budget and the Capital Improvements Program. The Division also reviews financial reports prepared by all departments, divisions and programs quarterly to ensure budgeted expenditures do not exceed appropriations. Fiscal conditions are reported mid-year to the City Council in the City Manager's Financial Review and Status Report.

Financial Management

Division/Major Program Description

Optimization

Optimization was established in 1994 in accordance with Council Policy 000-30, and serves as an internal management consultant providing professional services in the areas of reengineering, optimization, process improvements, and performance management to City departments. The Program's goals are to improve the City's effectiveness of service delivery and business operations; provide and maintain the highest quality service for the optimum cost to residents, businesses, tourists and visitors; and promote accountability to taxpayers.

In addition, Optimization administers the Resident Satisfaction Survey. The Resident Satisfaction Survey is conducted annually to measure residents' satisfaction with City services. The Survey uses a representative sample of approximately 600 San Diego residents to gather information regarding a variety of topics ranging from quality of life to satisfaction with specific City services. Information gathered from this survey is used to facilitate the decision-making process as it relates to policy issues.

Purchasing

The Purchasing Division is responsible for purchasing required services and items at the best possible price while meeting City departments' operational requirements. Detailed specifications, inspection and testing of materials, and economic and life cost analysis, in conjunction with the competitive bidding or request for proposal process, determine the best-qualified, responsive, and responsible bidder. The Division's Web Technology Program enhances Purchasing's ability to meet the procurement needs of City departments. The Vendor Outreach Program supports the City's Equal Opportunity Policy and fosters regional economic development.

Service Efforts and Accomplishments

The Financial Management Department provides services to the City Manager and the City Council and serves as an internal consultant to other City departments. Financial Management administers a balanced budget of over \$2 billion, which includes an operating budget and a Capital Improvements Program. Also under the Financial Management umbrella is the pioneering Optimization Program. This Program consults with City departments to ensure that high-quality services are provided in the most fiscally efficient manner possible.

Innovation, national recognition and consistent high-quality deliverables are hallmarks of the Budget and Management Services Division. Imagination, technical expertise and dedication to excellence resulted in San Diego being the first city in the nation to produce its budget on CD-ROM for general circulation and the first to display their complete operating budget on the Internet. Each year for the past 11 years, the Division has received recognition from the Government Finance Officer's Association for distinction in operating budget publication. The City of San Diego has also been lauded for its leadership in the development and implementation of Performance Based Budgeting. Budget and Management Services has led the way in tying budgets to the efficient and effective performance of City services.

Service Efforts and Accomplishments

Complementing the efforts of the Budget and Management Services Division to link budgets to performance, the Optimization Program has facilitated and supported a number of significant productivity initiatives. Recent examples include the new Water Operations Bid to Goal agreement, the Risk Management/City Attorney Worker's Compensation/Litigation Process, and the Metropolitan Wastewater Support Services Optimization initiative. These and other successful collaborations have resulted in significant cost savings for the City. Cumulative cost savings and avoided costs to the City, since the Program's inception in 1995, are currently estimated at \$139 million.

During Fiscal Year 2004, the Purchasing Division awarded over 5,500 purchase orders valued at nearly \$65 million to companies with a business address in San Diego County. Of these purchase orders, 35 percent were issued to small, ethnically diverse, and woman-owned businesses representing 21 percent of the dollars spent within San Diego County.

The Purchasing Division continues to be recognized nationally for operational excellence. In Fiscal Year 2003, Purchasing received the "Achievement of Excellence in Procurement Award" from the National Purchasing Institute.

Future Outlook

Budget and Management Services will continue to pursue initiatives to improve budget processes and communication with internal and external stakeholders through the use of advanced technologies such as streamlining and automating budget publishing. The Division will realize increased efficiency and a reduction in staff overtime as these initiatives are implemented. The Division will continue to serve an important role in developing accurate fiscal projections and implementing the policies of the Mayor, City Council, and City Manager.

The Optimization Program is moving forward systematically to identify and optimize critical Citywide and cross-departmental functions, while creating a more robust education and outreach effort to promote process improvements throughout the City. Through benchmarking with other cities and governmental agencies similar in demographics, Financial Management is able to ensure that the City is operating at its optimal level, thus giving the Mayor and City Council and the City Manager confidence that the residents of San Diego are receiving the best and highest quality services available. This process enables Financial Management to continually enhance its programs and provide up-to-date information to clients.

In Fiscal Year 2005, the Purchasing Division will complete the upgrade of the Online Procurement Information System to a web-enabled application. The web component of this system will provide for online vendor registration, email notification, online bid submission, and reverse auctioning and will enhance internal procurement processes.

Budget Dollars at Work

\$2.3 Billion budget balanced in Fiscal Year 2004

12 Budget document volumes published

2,000 Budget document CD-ROMs produced and distributed nationwide

\$30 Payback for every one dollar spent in the Optimization Program

10,211 Purchase orders issued

Financial Management

Financial Management				
	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL	FY 2004-2005 CHANGE
Positions	56.75	56.20	52.04	(4.16)
Personnel Expense	\$ 4,074,830	\$ 4,262,525	\$ 4,285,375	\$ 22,850
Non-Personnel Expense	\$ 786,327	\$ 641,702	\$ 542,301	\$ (99,401)
TOTAL	\$ 4,861,157	\$ 4,904,227	\$ 4,827,676	\$ (76,551)

Department Staffing

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
GENERAL FUND			
Budget and Management Services			
Citywide Support	2.15	0.65	0.65
Current Yr Budget Monitoring	5.85	6.35	6.35
Internal Operations	4.00	4.00	3.00
Management	3.12	3.12	3.12
Proposed Yr Budget Development	8.25	8.25	8.25
Total	23.37	22.37	21.37
Purchasing			
Division Management and Support	2.02	2.02	1.51
Requisition, P.O., and Contract Mgmt	22.40	23.15	22.00
Service Enhancement and Outreach	1.00	1.00	0.50
Total	25.42	26.17	24.01
OPTIMIZATION PROGRAM FUND			
Optimization Program			
Perf Measurement & Monitoring	0.95	0.70	0.50
Reengineering & Perf. Mgmt.	7.01	6.96	6.16
Total	7.96	7.66	6.66

Department Expenditures

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
GENERAL FUND			
Budget and Management Services			
Citywide Support	\$ 222,886	\$ 79,589	\$ 83,523
Current Yr Budget Monitoring	\$ 555,319	\$ 574,602	\$ 616,225
Internal Operations	\$ 271,807	\$ 252,721	\$ 211,606
Management	\$ 452,072	\$ 454,253	\$ 480,211
Proposed Yr Budget Development	\$ 781,875	\$ 752,248	\$ 787,938
Total	\$ 2,283,959	\$ 2,113,413	\$ 2,179,503
Purchasing			
Division Management and Support	\$ 195,935	\$ 206,236	\$ 205,813

Financial Management

Department Expenditures

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
GENERAL FUND			
Purchasing			
Requisition, P.O., and Contract Mgmt	\$ 1,532,199	\$ 1,723,911	\$ 1,642,478
Service Enhancement and Outreach	\$ 88,581	\$ 100,256	\$ 112,984
Total	\$ 1,816,715	\$ 2,030,403	\$ 1,961,275
OPTIMIZATION PROGRAM FUND			
Optimization Program			
Perf Measurement & Monitoring	\$ 120,861	\$ 104,689	\$ 84,221
Reengineering & Perf. Mgmt.	\$ 639,622	\$ 655,722	\$ 602,677
Total	\$ 760,483	\$ 760,411	\$ 686,898

Significant Budget Adjustments

GENERAL FUND

Budget and Management Services	Positions	Cost
Salary and Benefit Adjustments	0.00	\$ 174,896
Adjustments to reflect the annualization of the Fiscal Year 2004 negotiated salary compensation schedule, Fiscal Year 2005 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		
Non-Discretionary	0.00	\$ 5,612
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Additional Program Adjustments	(1.00)	\$ (52,287)
Reduction of 1.00 Word Processing Operator. This reduction will impact the support provided for preparation and publication of the Proposed and Annual Budgets.		
Support for Information Technology	0.00	\$ (62,131)
Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.		

Purchasing	Positions	Cost
Salary and Benefit Adjustments	0.00	\$ 150,187
Adjustments to reflect the annualization of the Fiscal Year 2004 negotiated salary compensation schedule, Fiscal Year 2005 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		

Financial Management

Significant Budget Adjustments

GENERAL FUND

Purchasing	Positions	Cost
Support for Diverse Emerging Vendor Outreach Program (Reimbursable) Funding for support to the Diverse Emerging Vendor Outreach (DEVO) Program. This support will ensure effectiveness of the Program to local small businesses and continue expansion of the Program to more governmental agencies.	0.00 \$	46,300
Non-Discretionary Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	2,987
Reduction in Requisition, Purchase Order, and Contract Management Program Reduction in miscellaneous support for the Requisition, Purchase Order, and Contract Management Program.	0.00 \$	(7,000)
Support for Information Technology Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.	0.00 \$	(44,908)
Citywide Personnel Reductions Reduction of 1.00 Supervising Management Analyst from the Purchasing Division and 0.01 of an Executive Secretary position. The elimination of the Supervising Management Analyst position will result in reduced oversight of the Purchasing Division's contract review, contract renewal, small business outreach, and procurement system functions. The Executive Secretary reduction is a portion of a position that has been reduced as part of the Citywide personnel reductions.	(1.01) \$	(106,519)
Reduction of Citywide Procurement Card Expansion Program Reduction of 1.00 Associate Management Analyst, 0.15 Procurement Specialist, and related support. This reduction will result in elimination of the Citywide expansion of the Procurement Card Program and reduce efforts to analyze the Division for efficiency gains and to implement such efficiencies.	(1.15) \$	(110,175)

OPTIMIZATION PROGRAM FUND

Optimization Program	Positions	Cost
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2004 negotiated salary compensation schedule, Fiscal Year 2005 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.	0.00 \$	62,164

Financial Management

Significant Budget Adjustments

OPTIMIZATION PROGRAM FUND

Optimization Program	Positions	Cost
Non-Discretionary	0.00 \$	(146)
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Support for Information Technology	0.00 \$	(13,809)
Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.		
Citywide Personnel Reductions	(1.00) \$	(121,722)
Reduction of 1.00 Program Manager as part of the Citywide Personnel Reductions that were approved in June 2004.		

Expenditures by Category

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
PERSONNEL			
Salaries & Wages	\$ 3,116,687	\$ 3,159,611	\$ 3,049,402
Fringe Benefits	\$ 958,143	\$ 1,102,914	\$ 1,235,973
SUBTOTAL PERSONNEL	\$ 4,074,830	\$ 4,262,525	\$ 4,285,375
NON-PERSONNEL			
Supplies & Services	\$ 276,812	\$ 232,725	\$ 257,600
Information Technology	\$ 424,627	\$ 332,833	\$ 229,293
Energy/Utilities	\$ 81,590	\$ 72,846	\$ 52,110
Equipment Outlay	\$ 3,298	\$ 3,298	\$ 3,298
SUBTOTAL NON-PERSONNEL	\$ 786,327	\$ 641,702	\$ 542,301
TOTAL	\$ 4,861,157	\$ 4,904,227	\$ 4,827,676

Financial Management

Revenues by Category

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
GENERAL FUND			
Charges for Current Services	\$ 514,183	\$ 771,220	\$ 931,876
Transfers from Other Funds	\$ 51,538	\$ 51,538	\$ 51,538
TOTAL	\$ 565,721	\$ 822,758	\$ 983,414

Key Performance Measures

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
Average cost per budget document page produced	\$45.75	\$43.29	\$45.03
Average cost per department, division, program and/or fund assisted	\$1,308	\$1,363	\$1,452
Average cost per report reviewed	\$164	\$170	\$144
Average annual cost per reengineering/performance management project	\$91,375	\$93,675	\$100,446
Average cost per purchase order completed by Purchasing ⁽¹⁾	\$120	\$127	\$146

Salary Schedule

GENERAL FUND

Budget and Management Services

<i>Class</i>	<i>Position Title</i>	<i>FY 2004 Positions</i>	<i>FY 2005 Positions</i>	<i>Salary</i>	<i>Total</i>
1106	Sr Management Analyst	5.00	5.00	\$ 66,198	\$ 330,991
1107	Administrative Aide II	0.75	0.75	\$ 46,228	\$ 34,671
1139	Budget Services Administrator	1.00	1.00	\$ 80,369	\$ 80,369
1218	Assoc Management Analyst	7.00	7.00	\$ 58,746	\$ 411,220
1235	Multimedia Production Coordinator	1.00	1.00	\$ 54,401	\$ 54,401
1648	Payroll Specialist II	1.00	1.00	\$ 38,254	\$ 38,254
1746	Word Processing Operator	2.50	1.50	\$ 34,857	\$ 52,286
1876	Executive Secretary	0.21	0.21	\$ 48,367	\$ 10,157
1917	Supv Management Analyst	2.00	2.00	\$ 74,731	\$ 149,462
2111	Asst City Manager	0.01	0.01	\$ 179,900	\$ 1,799
2130	Financial Management Director	0.70	0.70	\$ 137,683	\$ 96,378
2153	Deputy City Manager	0.20	0.20	\$ 170,980	\$ 34,196
2214	Deputy Director	1.00	1.00	\$ 115,075	\$ 115,075
	Total	22.37	21.37	\$	1,409,259

⁽¹⁾ FY 2004 is a corrected figure.

Financial Management

Salary Schedule

GENERAL FUND

Purchasing

<i>Class</i>	<i>Position Title</i>	<i>FY 2004 Positions</i>	<i>FY 2005 Positions</i>	<i>Salary</i>	<i>Total</i>
1107	Administrative Aide II	1.00	0.00	\$ -	\$ -
1218	Assoc Management Analyst	1.00	1.00	\$ 58,744	\$ 58,744
1282	Procurement Specialist	8.15	7.00	\$ 51,433	\$ 360,030
1348	Info Systems Analyst II	1.00	1.00	\$ 59,625	\$ 59,625
1401	Info Systems Technician	0.00	1.00	\$ 46,827	\$ 46,827
1746	Word Processing Operator	8.00	8.00	\$ 34,857	\$ 278,857
1783	Principal Procurement Specialist	1.00	1.00	\$ 66,205	\$ 66,205
1850	Sr Procurement Specialist	3.00	3.00	\$ 59,403	\$ 178,208
1876	Executive Secretary	0.01	0.00	\$ -	\$ -
1879	Sr Clerk/Typist	1.00	1.00	\$ 39,789	\$ 39,789
1917	Supv Management Analyst	1.00	0.00	\$ -	\$ -
2153	Deputy City Manager	0.01	0.01	\$ 179,000	\$ 1,790
2176	Purchasing Agent	1.00	1.00	\$ 115,086	\$ 115,086
	Overtime Budgeted	0.00	0.00	\$ -	\$ 7,201
	Temporary Help	0.00	0.00	\$ -	\$ 535
	Total	26.17	24.01	\$	1,212,897
General Fund Total		48.54	45.38	\$	2,622,156

OPTIMIZATION PROGRAM FUND

Optimization Program

<i>Class</i>	<i>Position Title</i>	<i>FY 2004 Positions</i>	<i>FY 2005 Positions</i>	<i>Salary</i>	<i>Total</i>
1100	Accountant III	0.50	0.50	\$ 66,094	\$ 33,047
1106	Sr Management Analyst	1.00	1.00	\$ 66,198	\$ 66,198
1218	Assoc Management Analyst	2.00	2.00	\$ 58,745	\$ 117,490
1614	Org Effectiveness Specialist II	0.70	0.70	\$ 59,971	\$ 41,980
1746	Word Processing Operator	1.00	1.00	\$ 34,857	\$ 34,857
1876	Executive Secretary	0.08	0.08	\$ 48,363	\$ 3,869
1917	Supv Management Analyst	1.00	1.00	\$ 74,731	\$ 74,731
2111	Asst City Manager	0.01	0.01	\$ 179,900	\$ 1,799
2130	Financial Management Director	0.30	0.30	\$ 137,687	\$ 41,306
2153	Deputy City Manager	0.07	0.07	\$ 170,986	\$ 11,969
2270	Program Manager	1.00	0.00	\$ -	\$ -
	Total	7.66	6.66	\$	427,246

FINANCIAL MANAGEMENT TOTAL 56.20 **52.04** \$ **3,049,402**

Financial Management

Five-Year Expenditure Forecast

	FY 2005 FINAL	FY 2006 FORECAST	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST	FY 2010 FORECAST
Positions	52.04	52.04	52.04	52.04	52.04	52.04
Personnel Expense	\$ 4,285,375	\$ 4,413,936	\$ 4,546,354	\$ 4,682,745	\$ 4,823,227	\$ 4,967,924
Non-Personnel Expense	\$ 542,301	\$ 558,570	\$ 575,327	\$ 592,587	\$ 610,365	\$ 628,676
TOTAL EXPENDITURES	\$ 4,827,676	\$ 4,972,506	\$ 5,121,681	\$ 5,275,332	\$ 5,433,592	\$ 5,596,600

Financial Management

Fiscal Years 2006-2010

No major projected requirements.

Financial Management

Revenue and Expense Statement

OPTIMIZATION PROGRAM FUND 50065

	FY 2003* BUDGET	FY 2004* BUDGET	FY 2005* FINAL
BEGINNING BALANCE AND RESERVE			
Balance from Prior Year	\$ 108,687	\$ 115,983	\$ 108,687
TOTAL BALANCE	\$ 108,687	\$ 115,983	\$ 108,687
REVENUE			
General Fund	\$ 244,994	\$ 220,504	\$ 126,387
Other Fund Transfers/Contributions	\$ 515,489	\$ 539,907	\$ 579,193
TOTAL REVENUE	\$ 760,483	\$ 760,411	\$ 705,580
TOTAL BALANCE AND REVENUE	\$ 869,170	\$ 876,394	\$ 814,267
OPERATING EXPENSE			
Non-Personnel Expense	\$ 110,966	\$ 102,245	\$ 88,337
Personnel Expense	\$ 649,517	\$ 658,166	\$ 598,561
TOTAL OPERATING EXPENSE	\$ 760,483	\$ 760,411	\$ 686,898
TOTAL EXPENSE	\$ 760,483	\$ 760,411	\$ 686,898
BALANCE	\$ 108,687	\$ 115,983	\$ 127,369
TOTAL EXPENSE AND BALANCE	\$ 869,170	\$ 876,394	\$ 814,267

* At the time of publication audited financial statements for Fiscal Year 2003 were not available. Therefore, the Fiscal Years 2003 and 2004 columns reflect final budget amounts from the Fiscal Year 2003 and 2004 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.